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*NOT ADMITTED IN D C

July 30, 1991

17461

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INTERSTATE COMMERCE COMMISSION

VIA HAND DELIVERY

The Hon. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Room 2303
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Mr. Strickland:

Enclosed for filing with the Commission pursuant to Section 11303 of Title 49 of the U.S. Code are an original and two copies of the executed and notarized document described below.

This document is a Security Agreement, a primary document dated as of July 26, 1991, between Twin Cities & Western Railroad Company, as the debtor, and The First National Bank of Boston, as the secured party, covering the debtor's rolling stock now owned or hereafter acquired and all other properties and rights of the debtor. Descriptions of the rolling stock are attached to the Security Agreement as Schedule 4(b), as the same may be revised from time to time, but the property covered by the Security Agreement is not limited to that listed in Schedule 4(b).

The names and addresses of the parties to the Security Agreement are as follows. The debtor is Twin Cities & Western Railroad Company whose chief executive office is located at 1433 Utica Avenue South, Suite 70, Minneapolis, Minnesota 55416 and principal place of business is at 723 11th Street East, Glencoe, Minnesota 55336. The secured party is The First National Bank of Boston whose head office is located at 100 Federal Street, Boston, Massachusetts 02106.

The Hon. Sidney L. Strickland

-2-

July 30, 1991

Included in the Property covered by the aforesaid Security Agreement are railroad cars, locomotives and other rolling stock intended for use related to interstate commerce, or interests therein, owned or leased by Twin Cities & Western Railroad Company at the date of said Security Agreement or thereafter acquired by it or its successors as owner of the railway covered by the Security Agreement.

A short summary of the document to appear in the index is as follows:

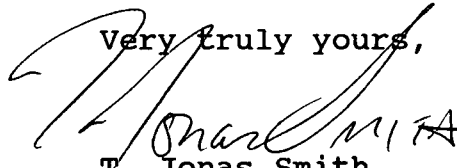
"A Security Agreement, dated as of July 26, 1991, between Twin Cities & Western Railroad Company as the borrower, and The First National Bank of Boston as the secured party, covering the borrower's rolling stock now owned and hereafter acquired and all other properties and rights of the borrower. Descriptions of the rolling stock now owned or leased are set forth in the Security Agreement as Schedule 4(b) a copy of which is attached hereto and made a part hereof."

Also enclosed is a check in the amount of \$15.00, payable to the Interstate Commerce Commission, to cover the recording fee prescribed by the Commission in its rules and regulations.

Would you please acknowledge receipt of the enclosed documents by stamping and returning to the undersigned one of the Security Agreements, along with the duplicate copy of this letter of transmittal.

If you have any questions with respect to the enclosed documents, please call me at (202) 628-2000.

Very truly yours,


T. Jonas Smith
Legal Assistant

Enclosures

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Interstate Commerce Commission
Washington, D.C. 20423

7/30/91

OFFICE OF THE SECRETARY

T. Jonas Smith
Legal Assistant
Weiner, McCaffrey, Brodsky, Kaplan & Levin, P.C.
Suite 800
1350 New York Avenue, N. W.
Washington, D. C. 20005-4797

Dear Sirs:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 7/30/91 at 2:55PM, and assigned recordation number(s). 17461.

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

RECORDATION NO. 17461 FILED 1425

JUL 30 1991 -2 55 PM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

TWIN CITIES & WESTERN RAILROAD COMPANY

This SECURITY AGREEMENT, dated as of July 26, 1991 is by and between TWIN CITIES & WESTERN RAILROAD COMPANY, a Minnesota corporation having its principal place of business at 723 11th Street East, Glencoe, Minnesota 55336 (the "Company") and THE FIRST NATIONAL BANK OF BOSTON, a national bank (the "Bank") as parties to that certain Revolving Credit Agreement, dated as of July 26, 1991, between the Company and the Bank, as the same may be amended, restated, modified or supplemented from time to time (such agreement, as in effect from time to time, the "Credit Agreement"). Capitalized terms which are used herein without definition and which are defined in the Credit Agreement shall have the same meanings herein as in the Credit Agreement.

§1. GRANT OF SECURITY INTEREST. To secure the due and prompt payment and performance of the Obligations (as defined below), the Company hereby pledges, assigns and grants to the Bank a continuing security interest in and lien on all properties, assets and rights of the Company of every kind and nature, wherever located, now owned or hereafter acquired or arising, and all proceeds and products thereof, including, without limiting the generality of the foregoing, all goods, accounts, including all accounts receivable, contract rights, including, without limitation, all rights of the Company under any Interest Rate Protection Arrangements, all rights of the Company under the Acquisition Documents, all rights of the Company under leases of equipment and other personal property, and all rights of the Company under any agreements with operating railroads pursuant to which rights of passage over tracks are granted during periods of emergency and disasters, rights to the payment of money including tax refund claims, insurance proceeds and tort claims, chattel paper, documents, instruments, general intangibles, the Company's operating certificate from the Interstate Commerce Commission, securities, together with all income therefrom, increases thereunder and proceeds thereof, patents, trademarks, tradenames, copyrights, engineering drawings, service marks, customer lists, books and records, furniture, fixtures, rolling stock of every kind and description, locomotives, rail, ties and capital improvements thereon, equipment, maintenance of way equipment, inventory and all other capital assets, raw materials, work in progress, and real property and interests in and rights in, on or over real property, including railbeds, yards and maintenance areas (all such properties, assets and rights hereinafter sometimes called, collectively, the "Collateral").

§2. OBLIGATIONS SECURED. The Collateral hereunder constitutes and will constitute continuing security for all of the indebtedness, obligations and liabilities of the Company to the Bank and any institutional lender who becomes a

participant in or holder of any of the obligations comprising the Obligations (as defined below) under the Credit Agreement, the Notes, the other Loan Documents and any documents evidencing Interest Rate Protection Arrangements between the Company and the Bank (collectively, the "Obligations"), in each case as such instrument is originally executed on the date hereof or as modified, amended, restated, supplemented or extended hereafter, whether such Obligations are now existing or hereafter arising, joint or several, direct or indirect, absolute or contingent, due or to become due, matured or unmatured, liquidated or unliquidated, arising by contract, operation of law or otherwise, and all Obligations of the Company to the Bank arising out of any extension, refinancing or refunding of any of the foregoing Obligations.

§3. PRO RATA SECURITY; APPLICATION OF PROCEEDS OF COLLATERAL. All amounts owing with respect to the Obligations shall be secured pro rata by the Collateral without distinction as to whether some Obligations are then due and payable and other Obligations are not then due and payable. Upon any realization upon the Collateral by the Bank, whether by receipt of insurance proceeds pursuant to §4(g) hereof or upon foreclosure and sale of all or part of the Collateral pursuant to §8 hereof or otherwise, the Company agrees that the proceeds thereof shall be applied (i) first, to the payment of expenses incurred with respect to maintenance and protection of the Collateral pursuant to §4 hereof and of expenses incurred pursuant to §12 hereof with respect to the sale of or realization upon any of the Collateral or the perfection, enforcement or protection of the rights of the Bank (including reasonable attorneys' fees and expenses of every kind, including without limitation reasonable allocated costs of staff counsel); (ii) second, to all amounts of interest, expenses and fees outstanding which constitute the Obligations; (iii) third, to all amounts of principal outstanding under the Obligations; and (iv) fourth, the balance, if any, shall be returned to the Company. The Company agrees that all amounts received with respect to any of the Obligations, whether by realization on the Collateral or otherwise, shall be applied to the payment of the Obligations in accordance with the provisions of this §3.

§4. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

(a) Real Property. The Company represents to the Bank that the real property listed in Schedule 4(a) hereto constitutes all of the real property which the Company owns or leases. The Company agrees to notify the Bank of any other real property which the Company may hereafter acquire or lease. The Company agrees that it shall execute and deliver to the Bank mortgages and other instruments, as referred to in paragraph (i) below of this §4, and file the same in the appropriate recording offices with respect to the real property listed on Schedule 4(a) hereto and at such times as any mortgageable right, title or interest is acquired in the future by the Company in any other real property. All such mortgages and other instruments shall secure all of the Obligations pro rata and shall be on terms and conditions satisfactory to the Bank as evidenced by its written consent thereto.

(b) Rolling Stock. The Company represents to the Bank that the Rolling Stock (as defined in this §4(b)) listed on Schedule 4(b) hereto constitutes all of the Rolling Stock, including markings thereon and identifying numbers thereof, which the Company owns or leases. The Company agrees not to change any markings or identifying numbers on any of the Rolling Stock listed on Schedule 4(b) hereto until after the Company has given notice in writing to the Bank of its intention to make such change. The Company agrees to notify the Bank of any other Rolling Stock which the Company may hereafter acquire or lease. The Company agrees that it shall execute and deliver to the Bank supplemental security agreements in the form of Schedule I attached hereto and other instruments, as referred to in paragraph (i) below of this §4, and file the same in the appropriate recording offices (i) with respect to the Rolling Stock listed on Schedule 4(b) hereto, (ii) at such times as any assignable right, title or interest is acquired in the future by the Company in any other Rolling Stock and (iii) at such times as any change is made in one or more of the markings or serial numbers on any of the Rolling Stock listed on Schedule 4(b) hereto or on any other Rolling Stock owned or leased by the Company. All such supplemental security agreements and other instruments shall secure all of the Obligations pro rata and shall be on terms and conditions satisfactory to the Bank as evidenced by its written consent thereto. The term "Rolling Stock" as used herein means all rolling stock of every kind and description, locomotives and all other rail cars.

(c) Patents, Trademarks, Copyrights. The Company represents to the Bank that as of the date hereof, except as set forth on Schedule 4(c) hereto, it has no right, title or interest in any patent, trademark registrations, copyright registrations or service mark registrations, or in any pending applications for the same and agrees promptly to furnish to the Bank written notice of each such patent, trademark, copyright or service mark registrations, or any applications for same, in which it may hereafter acquire any right, title or interest. The Company shall, on request by the Bank, execute, acknowledge and deliver all such documents and instruments as the Bank may reasonably require to confirm the Bank's security interest in and to any such patent, trademark or service mark registrations, or application for the same as part of the Collateral hereunder and appoints the Bank as the Company's attorney-in-fact to execute and file the same.

(d) Location of Chief Executive Office and Principal Place of Business. The Company represents to the Bank that the location of the Company's chief executive office is 1433 Utica Avenue South, Suite 70, Minneapolis, Minnesota 55416 and the principal place of business and the location where the books and records of the Company are kept is 723 11th Street East, Glencoe, Minnesota 55336. The Company further represents that attached hereto as Schedule 4(d) is a true and correct list of all localities where property comprising a part of the Collateral (other than interests in real property set forth in Schedule 4(a) hereto) is located. The Company agrees that it shall not change the location of its chief executive office or the location where its

books and records are kept or the location of any property comprising a part of the Collateral other than changes in the location of Rolling Stock unless it shall have (i) given the Bank at least thirty (30) days' advance written notice of such change, and (ii) filed in all necessary jurisdictions such UCC-3 financing statements or other documents as may be necessary to continue without impairment or interruption the perfection and priority of the Liens on the Collateral in favor of the Bank pursuant to the Security Documents.

(e) Ownership of Collateral.

(i) The Company represents that it is the owner of the Collateral free from any adverse lien, security interest or encumbrance, except as permitted by §9.2 of the Credit Agreement.

(ii) Except for the security interest herein granted and except as permitted by §9.2 of the Credit Agreement, the Company shall be the owner of the Collateral free of any lien, security interest or encumbrance and the Company shall defend the same against all claims and demands of all persons at any time claiming the same or any interest therein adverse to the Bank. Except as permitted by §9.2 of the Credit Agreement, the Company shall not pledge, mortgage or create or suffer to exist a security interest in the Collateral in favor of any person other than the Bank.

(f) Sale or Disposition of Collateral. Except as permitted by §9.3 of the Credit Agreement, the Company shall not sell or offer to sell or otherwise transfer the Collateral or any interest therein except for sales of inventory in the ordinary course of business.

(g) Insurance. The Company shall have and maintain at all times with respect to the Collateral such insurance as is required by the Credit Agreement, such insurance to be payable to the Bank and to the Company as their interests may appear provided that if no Event of Default has occurred, the proceeds of such insurance may be used by the Borrower for repairs or replacement of the Collateral. All policies of insurance shall provide for ten (10) days' written minimum cancellation notice to the Bank. In the event of the Company's failure to provide and maintain insurance as herein provided, the Bank may, at its option, provide such insurance, and the Company hereby promises to pay to the Bank on demand the amount of any disbursements made by the Bank for such purpose. The Company shall furnish to the Bank certificates or other evidence satisfactory to the Bank of compliance with the foregoing insurance provisions. After the occurrence of an Event of Default or if the Company fails to obtain or maintain insurance as required by the Credit Agreement, the Bank may act as attorney for the Company in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts; and any amounts collected or received under any such policies shall be applied by the Bank to the Obligations in accordance with the provisions of §3

hereof or, at the option of the Bank, the same may be released to the Company, but such application or release shall not cure or waive any default hereunder and no amount so released shall be deemed a payment on any Obligation secured hereby.

(h) Maintenance of Collateral. The Company shall keep the Collateral in good order and repair and shall not use the Collateral in violation of law or any policy of insurance thereon. In order to confirm the compliance of the Company with the requirements of the preceding sentence or in the event the Bank reasonably deems itself insecure regarding the condition of the Collateral the Bank may, at any reasonable time, upon reasonable written notice to the Company inspect the Collateral, wherever located provided that unless an Event of Default has occurred, such inspection shall be at the Bank's expense. The Company shall pay promptly when due all taxes and assessments upon the Collateral, upon the use and operation of the Collateral and upon this Agreement, except those taxes and assessments as are being in good faith appropriately contested by the Company and for which adequate reserves have been established as provided in §8.2 of the Credit Agreement. In its discretion, after the occurrence of an Event of Default, or if the Company fails to discharge unpaid taxes or encumbrances or pay filing fees, the Bank may make repairs of the Collateral, discharge taxes and other encumbrances at any time levied or placed on the Collateral which remain unpaid in violation of §8.2 of the Credit Agreement and pay any necessary filing fees. The Company agrees to reimburse the Bank on demand for any and all expenditures so made and, until paid, the amount thereof shall be an Obligation secured by the Collateral. The Bank shall have no obligation to the Company to make any such expenditures, nor shall the making thereof relieve the Company of any default.

(i) Creation and Perfection of Lien. The Company represents and warrants to the Bank and covenants with the Bank that this Agreement creates a valid security interest in the Collateral as security for the payment and performance of the Obligations. Upon the filing and recording of this Agreement with the Interstate Commerce Commission (the "ICC") in accordance with §11303 of Title 49 of the United States Code and the rules and regulations thereunder, and upon the filing of UCC-1 financing statements in the form attached hereto as Exhibit A (the "Financing Statements") under the Uniform Commercial Code as the same may be in effect from time to time in the State of Minnesota (the "UCC"), naming the Company as debtor and the Bank as secured party, such security interest shall be perfected under the UCC and the Interstate Commerce Act of 1887, as amended ("ICA"), and such security interest shall be prior to all other Liens, except as contemplated by §9.2 of the Credit Agreement. No further filings, recordings or other actions are or will be necessary to maintain the priority of such security interest other than the filing of UCC continuation statements within six months prior to the expiration of a period of five years after the original filing. This Agreement and all documents to be filed herewith are in appropriate form for filing with the ICC. The Financing Statements are in appropriate form and have been duly filed pursuant to the UCC.

(j) No Further Actions. Except for the filings referred to in paragraph (i) above and as otherwise specified in §5.2 of the Credit Agreement, no authorization, approval or other action by, and no notice of filing with, any governmental authority or regulatory body or other Person that has not been received, taken or made is required (i) for the granting by the Company of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Company, (ii) for the maintenance of the security interest hereunder (including the first priority nature of such security interest), or (iii) for the exercise by the Bank of the rights or the remedies with respect to the Collateral pursuant to this Agreement.

(k) Accounts Receivable. The Company shall keep or cause to be kept separate records of accounts receivable, which such records shall be complete and accurate in all material respects and, from time to time upon the request of the Bank, shall deliver to the Bank with respect to each account receivable lists setting forth the name, address, face value, and date of invoice of each debtor obligated on such account receivable.

(l) Government Contracts. The Company agrees that from time to time at the Bank's reasonable request, it shall execute all such documents, and take all such actions, as the Bank may reasonably deem necessary or proper to perfect the Bank's security interest in any Collateral consisting of the Company's rights to monies due or to become due under any contracts or agreements with or orders from the United States government or any agency or department thereof.

(m) Securities. The Company agrees that it shall forthwith deliver and pledge to the Bank hereunder all certificates representing securities (other than cash equivalents or other short term liquid securities or other investment in which the Company is permitted to invest pursuant to §9.4 of the Credit Agreement) which the Company shall acquire, whether by purchase, stock dividend, distribution of capital or otherwise, along with stock powers or other appropriate instruments of assignment with respect thereto, duly executed in blank.

(n) Further Assurances By the Company. The Company agrees to execute and deliver to the Bank from time to time at its request all documents and instruments, including financing statements, supplemental security agreements, notices of assignments under the United States Assignment of Claims Act and under similar or local statutes and regulations, and to take all action as the Bank may reasonably deem necessary or proper to perfect or otherwise protect the security interest and lien created hereby.

§5. POWER OF ATTORNEY. (a) The Company acknowledges the Bank's right, to the extent permitted by applicable law, singly to execute and file financing or continuation statements and similar notices required by applicable law, and amendments thereto, concerning the Collateral without execution by the Company.

A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(b) The Company hereby irrevocably appoints the Bank as its attorney-in-fact, effective at all times subsequent to the occurrence of an Event of Default (as defined herein) and during the continuance thereof, with full authority in the place and stead of the Company and in the name of the Company or otherwise, to take any action and to execute any instrument which the Bank may deem necessary or advisable to accomplish the purpose of this Agreement, including, without limitation, the power and right (i) to endorse the Company's name on any checks, notes, acceptances, money orders, drafts, filings or other forms of payment or security that may come into the Bank's possession and (ii) to do all other things which the Bank then determines to be necessary to carry out the terms of this Agreement. The power conferred on the Bank hereunder is solely to protect the Bank's interests in the Collateral and shall not impose any duty upon the Bank to exercise such power.

§6. SECURITIES AS COLLATERAL. (a) Upon the occurrence and during the continuance of an Event of Default, the Bank may at any time, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Obligations. If the Bank so elects to exercise its right herein and gives notice of such election to the Company, upon the occurrence and during the continuance of an Event of Default, the Bank may vote any or all of the securities constituting Collateral possessing voting rights (whether or not the same shall have been transferred into its name or the name of its nominee or nominees) and give all consents, waivers and ratifications in respect of the securities constituting Collateral and otherwise act with respect thereto as though it were the outright owner thereof, the Company hereby irrevocably constituting and appointing the Bank the proxy and attorney-in-fact of the Company, with full power of substitution, to do so. So long as no Event of Default is continuing, the Company shall be entitled to receive all cash dividends paid in respect of the securities, to vote the securities and to give consents, waivers and ratifications in respect of the securities, provided that no vote shall be cast, or consent, waiver or ratification given or action taken which would be inconsistent with or violate any provisions of the Credit Agreement, any other Security Document or this Agreement.

(b) Any sums paid upon or in respect of any of the securities, upon the liquidation or dissolution of the issuer thereof, shall be paid over to the Bank to be held by it as security for the Obligations; and in case any distribution of capital or property shall be made on or in respect of any of the securities pursuant to the recapitalization or reclassification of the capital of the issuer thereof or pursuant to the reorganization of such issuer, the property so distributed shall be delivered to the Bank to be held by it as security for the Obligations. All sums of money paid and

property distributed in respect of the securities upon such a liquidation, dissolution, recapitalization or reclassification which are received by the Company shall, until paid or delivered to the Bank, be held in trust for the Bank as security for the Obligations.

§7. ACCOUNTS RECEIVABLE. The Company shall continue to collect payment from debtors on accounts receivable of the Company, obligors on accounts, chattel paper and general intangibles of the Company, obligors on instruments for which the Company is an obligee and lessees and conditional vendees under agreements governing the leasing or selling by conditional sale of Collateral by the Company, until the Bank requests after the occurrence of an Event of Default, that such debtors, obligors, lessees or conditional vendors be notified of the Bank's security interest. Upon the making of such a request by the Bank, the Company shall hold, as trustee for the Bank, the proceeds received from such collection and shall turn the same over to the Bank, or to such other bank as may be approved by the Bank, immediately upon receipt of such proceeds and in the identical form received. The Company shall, at the request of the Bank after the occurrence of an Event of Default, notify such account debtors and obligors that payment thereof is to be made directly to the Bank, and, if the Company does not promptly so notify such account debtors and obligors, the Bank may itself without further notice to or demand upon the Company, so notify such account debtors or obligors. The making of such a request or the giving of any such notification shall not affect the duties of the Company described above with respect to proceeds received by the Company. The Bank shall apply the proceeds of such collection received by the Bank to the Obligations in accordance with §3 of this Agreement. The application of the proceeds of such collection shall be conditional upon final payment in cash or solvent credits of the items giving rise to them. If any item is not so paid, the Bank in its discretion, whether or not such item is returned, may either reverse any credit given for the item or charge it to any deposit account maintained by the Company with the Bank.

§8. EVENTS OF DEFAULT; REMEDIES. (a) An "Event of Default" hereunder shall mean (i) that a representation, warranty or certification made in this Agreement or in any document executed or delivered from time to time relating to this Agreement is materially untrue, misleading or incomplete in its recital of any facts at the time as of which such representation, warranty or certification, as the case may be, is made, (ii) any Event of Default as that term is defined in the Credit Agreement, whether or not any acceleration of the maturity of the amounts due in respect of any of the Obligations shall have occurred, or (iii) any Event of Default as that term is defined in any other Security Document.

(b) Upon the occurrence and during the continuance of an Event of Default, to the fullest extent permitted by applicable law, in addition to the remedies set forth elsewhere in this Agreement:

(i) The Bank shall have, in addition to all other rights and remedies given it by any instrument or other agreement evidencing, or executed and delivered in connection with, any of the Obligations and otherwise allowed by law, the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Collateral may be located and the rights and remedies of a secured party holding a security interest in collateral pursuant to the ICA, and, without limiting the generality of the foregoing, the Bank shall immediately, without (to the fullest extent permitted by law) demand of performance or advertisement or notice of intention to sell or of time or place of sale or of redemption or other notice or demand whatsoever, (except that the Bank shall give to the Company at least ten (10) days' notice of the time and place of any proposed sale or other disposition), all of which are hereby expressly waived to the fullest extent permitted by law, sell at public or private sale or otherwise realize upon, in the City of Boston, Massachusetts, or elsewhere, the whole or from time to time any part of the Collateral in or upon which the Bank shall have a security interest or lien hereunder, or any interest which the Company may have therein, and after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for legal services and disbursements, including without limitation reasonable allocated costs of staff counsel) as provided in §12 hereof, shall apply the residue of such proceeds toward the payment of the Obligations in accordance with §3 of this Security Agreement (without duplication for any expenses paid in accordance with this subsection (b)(i)), the Company remaining liable for any deficiency remaining unpaid after such application. If notice of any sale or other disposition is required by law to be given to the Company or the Bank, each of the Company and the Bank hereby agrees that a notice given as hereinbefore provided shall be reasonable notice of such sale or other disposition. The Company also agrees to assemble the Collateral at such place or places as the Bank reasonably shall designate by written notice. At any such sale or other disposition the Bank may itself, and any other person or entity owed any Obligation may itself, purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of the Company, which right is hereby waived and released to the fullest extent permitted by law.

(ii) Furthermore, without limiting the generality of any of the rights and remedies conferred upon the Bank under §8(b)(i) hereof, the Bank to the fullest extent permitted by law may enter upon the premises of the Company, exclude the Company therefrom and take immediate possession of the Collateral, either personally or by means of a receiver appointed by a court therefor, using all necessary force to do so, and may, at its option, use, operate, manage and control the Collateral in any lawful manner and may collect and receive all rents, income, revenue, earnings, issues and profits therefrom, and

may maintain, repair, renovate, alter or remove the Collateral as the Bank may determine in its discretion, and any such monies so collected or received by the Bank shall be applied to, or may be accumulated for application upon, the Obligations in accordance with §3 of this Agreement.

(iii) The Bank agrees that it will give notice to the Company of any enforcement action taken by it pursuant to this §8 promptly after commencing such action.

(iv) The Company recognizes that the Bank may be unable to effect a public sale of the securities by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers consistent with all applicable laws. The Company agrees that any such private sales may be at prices and other terms less favorable to the Company than if sold at public sales and that such private sales shall not by reason thereof be deemed not to have been made in a commercially reasonable manner. The Bank shall be under no obligation to delay a sale of any of the securities for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act of 1933, as amended, even if the issuer would agree to do so. All sales effected pursuant to this subsection (iv) shall be conducted by the Bank in a commercially reasonable manner.

§9. MARSHALLING. The Bank shall not be required to marshal any present or future security for (including but not limited to this Agreement and the Collateral subject to the security interest created hereby), or guaranties of, the Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of its rights hereunder and in respect of such securities and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Company hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Bank's rights under this Agreement or under any other instrument evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or guaranteed and, to the extent that it lawfully may, the Company hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by applicable law, the Bank shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the sole custody thereof.

§10. COMPANY'S OBLIGATIONS NOT AFFECTED. To the extent permitted by law, the obligations of the Company under this Security Agreement shall remain in full force and effect without regard to, and shall not be impaired by (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment,

composition, liquidation or the like of the Company, to the extent permitted by law; (b) any exercise or nonexercise, or any waiver, by the Bank of any right, remedy, power or privilege under or in respect of any of the Obligations or any security therefor (including this Agreement); (c) any amendment to or modification of this Agreement or any instrument evidencing any of the Obligations or pursuant to which any of them were issued, other than in the specific instance and for the specific purpose for which such amendment or modification was given; (d) any amendment to or modification of any instrument or agreement (other than this Agreement) securing any of the Obligations; or (e) the taking of additional security for or any guaranty of any of the Obligations or the release or discharge or termination of any security or guaranty for any of the Obligations; and whether or not the Company shall have notice or knowledge of any of the foregoing.

§11. NO WAIVER. No failure on the part of the Bank to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Bank of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power. Each and every right, remedy and power hereby granted to the Bank or the future holders of any of the Obligations or allowed to any of them by law or other agreement, including, without limitation, the Credit Agreement, the Notes or any other Security Document, shall be cumulative and not exclusive of any other, and, subject to the provisions of this Agreement, may be exercised by the Bank or the future holders of any of the Obligations from time to time.

§12. EXPENSES. The Company agrees to pay, on demand, all reasonable costs and expenses (including reasonable attorneys' fees and expenses for legal services of every kind, including without limitation reasonable allocated costs of staff counsel) of the Bank incidental to the sale of, or realization upon, any of the Collateral or in any way relating to the perfection, enforcement or protection of the rights of the Bank hereunder; and the Bank may at any time apply to the payment of all such costs and expenses all monies of the Company or other proceeds arising from its possession or disposition of all or any portion of the Collateral.

§13. CONSENTS, AMENDMENTS, WAIVERS. Any term of this Agreement may be amended, and the performance or observance by the Company of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only in accordance with §21 of the Credit Agreement.

§14. GOVERNING LAW. Except as otherwise required by the laws of any jurisdiction in which any Collateral is located, this Agreement shall be deemed to be a contract under seal and shall for all purposes be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

§15. PARTIES IN INTEREST. All terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto, provided that the Company may not assign or transfer its rights hereunder without the prior written consent of the Bank.

§16. COUNTERPARTS. This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

§17. TERMINATION. Upon payment in full of the Loans and all other amounts then due and payable under the Loan Documents in accordance with their terms and the termination of all Commitments to lend under the Credit Agreement, this Agreement shall terminate and the Company shall be entitled to the return, at the Company's expense, of such Collateral in the possession or control of the Bank as has not theretofore been disposed of pursuant to the provisions hereof.

§18. NOTICES. Except as otherwise expressly provided herein, all notices and other communications made or required to be given pursuant to this Agreement shall be in writing and shall be delivered by hand, mailed by United States registered or certified first-class mail, postage pre-paid, or sent by telecopy, telegraph or telex and confirmed by letter, addressed as follows:

(a) if to the Company, at:

723 11th Street East
Glencoe, Minnesota 55336
Attention: President

with a copy to:

Head, Hempel, Seifert & Vander Weide
2110 First Bank Place West
Minneapolis, Minnesota 55402
Attention: Charles H. Clay, Esquire

or at such other addresses for notice as the Company shall last have furnished in writing to the Bank;

(b) if to the Bank at:

100 Federal Street
Boston, Massachusetts 02110
Attention: Iain C.A. Whitfield,
Vice President

or at such other address for notice as the Bank shall last have furnished in writing to the person giving the notice.

Any such notice or demand shall be deemed to have been duly given or made and to have become effective (i) if delivered by hand to a responsible officer of the party to which it is directed, at time of the receipt thereof by such officer, (ii) if sent by registered or certified first-class mail, postage prepaid, to be received on the earlier of (A) the fifth Bank Business Day following the mailing thereof or (B) the day of receipt thereof if a Bank Business Day, or if not a Bank Business Day, the next succeeding Bank Business Day and (iii) if sent by telecopy, telex or cable, at the time of dispatch thereof, if in normal business hours in the state where received or otherwise at the opening of business on the following business day.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed as an instrument under seal by their authorized representatives as of the date first written above.

[Corporate Seal]

TWIN CITIES & WESTERN RAILROAD
COMPANY

By: 

Title:

THE FIRST NATIONAL BANK OF BOSTON

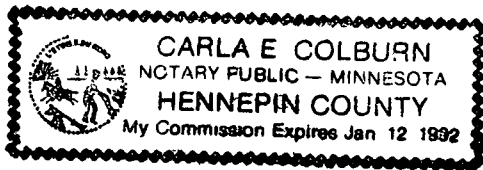
By: 

Title:

State of Minnesota
County of Hennepin

)
) ss.
)

On this 26th day of July, 1991, before me personally appeared Kent P. Shoemaker to me personally known, who, being by me duly sworn, says that he is Chairman of Twin Cities & Western Railroad Company, that the seal affixed to the foregoing instrument beside his signature is the corporate seal of said corporation and that the said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.



Carla E. Colburn
Notary Public

My commission expires:

State of Minnesota
County of Hennepin

)
) ss.
)

On this 26th day of July, 1991, before me personally appeared Gain Whitfield to me personally known, who, being by me duly sworn, says that he is vice president of The First National Bank of Boston, and that he is duly authorized to sign the foregoing instrument on behalf of said banking association, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said banking association.



Carla E. Colburn
Notary Public

My commission expires:

DEED AND GRANT OF EASEMENTS

DEED AND GRANT OF EASEMENTS made this 26th day of July, 1991, between:

SOO LINE RAILROAD COMPANY, Soo Line Building, Minneapolis, Minnesota 55402, a corporation organized and existing under and by virtue of the laws of the State of Minnesota, Grantor, and

TWIN CITIES & WESTERN RAILROAD COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Minnesota, having its principal office at 2110 First Bank Place West, Minneapolis, Minnesota, 55402, Grantee,

WITNESSETH:

ARTICLE I

CONVEYANCE OF THE PROPERTY

In consideration of the sum of Ten and no/100 Dollars (\$10.00) and other good and valuable consideration in hand paid to Grantor by Grantee, the receipt and sufficiency whereof is hereby acknowledged by Grantor, Grantor hereby CONVEYS and QUIT CLAIMS unto Grantee the lines of railroad described in the attached Exhibit A, including the real property, estates, roadbeds, rights-of-way, station grounds, railroad yards, yard and terminal facilities, locomotive servicing and repair facilities, freight car repair facilities, fixtures, and appurtenances thereto; together with contiguous real property (including any and all extra width parcels) whether or not used for railroad operations, and all improvements and structures located thereon, therein, or thereunder, and specifically including (i) associated rail facilities, including without limitation all rails, ties, spikes, tie plates, rail anchors, pipes, ballast, switches, turnouts, wyes, crossovers, grade crossings, machinery, fixtures, rights-of-way (and improvements thereto), communication and signal devices and installations (including centralized traffic control, train defect detectors, and radio communication and telephone systems), sidings, spurs, trestles, bridges, and culverts, and (ii) pole lines, buildings, and structures appurtenant thereto or situated thereon; all of which is situated in the Counties of Hennepin, Carver, McLeod, Renville, Chippewa, and Swift in the State of Minnesota; and all of which is referred to herein as the "Property," TO HAVE AND TO HOLD all the estate, right, title, and interest whatsoever of Grantor in the Property, either in law or in equity, to the use and benefit of Grantee, and Grantee's successors and assigns, forever.

ARTICLE II

GRANT OF EASEMENTS

SECTION A. Definitions:

As used in this Deed and Grant of Easements:

"Core Easement Parcel" means the real property described on the attached Exhibit B.

"Core Easement Property" means the Core Easement Parcel, together with the improvements and structures described in Section B, below.

"Pole Line Easement Parcel" means the real property described on the attached Exhibit C.

"Pole Line Easement Property" means the Pole Line Easement Parcel, together with the improvements and structures described in Section C, below.

"Easement Premises" means the Core Easement Parcel and the Pole Line Easement Parcel.

"Ortonville Line" means the Property, the Core Easement Property, and the Pole Line Easement Property.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 United States Code Sections 9601-9657 (as amended), and rules and regulations promulgated pursuant thereto.

"RCRA" means the Solid Waste Disposal Act (commonly known as the Resource Conservation and Recovery Act), 42 United States Code Sections 6901-6991i (as amended), and rules and regulations promulgated pursuant thereto.

"MERLA" means the Minnesota Environmental Response and Liability Act, Minnesota Statutes Chapter 115B (as amended), and rules and regulations promulgated pursuant thereto.

"MWMA" means the Minnesota Waste Management Act, Minnesota Statutes Chapter 115A (as amended), and rules and regulations promulgated pursuant thereto.

"Hazardous Substances" means hazardous substances as defined in CERCLA and MERLA.

"Hazardous Wastes" means hazardous wastes as defined in RCRA, MWMA, MERLA, and Minnesota Statutes Section 116.06.

"Pollutants or Contaminants" means pollutants or contaminants as defined in MERLA.

"Petroleum" means: (a) natural gas, natural gas liquids, liquefied natural gas, synthetic gas usable for fuel, and mixtures of such synthetic gas and natural gas; and (b) petroleum, including crude oil or any fractions thereof.

"Release" means release as defined in CERCLA and MERLA.

"Disposal" means disposal as defined in RCRA and MWMA.

"Store" and "Storage" mean storage as defined in RCRA.

"Waste Facility" means waste facility as defined in MWMA.

"Existing Grants" means agreements, easements, leases, licenses, and permits heretofore granted by Grantor (or its predecessors in interest) to various third parties, which agreements, easements, leases, licenses, and permits grant such third parties the right to use or occupy portions of the Core Easement Parcel. "Existing Grants" does not, however, include agreements, easements, leases, licenses, and permits directly relating to railroad operations, including (but not limited to) trackage rights agreements, haulage agreements, interchange agreements, joint facility agreements, industry track (also known as side track) agreements, and agreements, easements, leases, licenses, and permits granting or pertaining to highway crossings, crossing protection, utility connections to railroad facilities, and similar matters.

"New Grants" means agreements, easements, leases, licenses, and permits hereafter granted by Grantor to various third parties, which agreements, easements, leases, licenses, and permits grant such third parties the right to use or occupy portions of the Core Easement Parcel. "New Grants" does not, however, include agreements, easements, leases, licenses, and permits directly relating to railroad operations, including (but not limited to) trackage rights agreements, haulage agreements, interchange agreements, industry track (also known as side track) agreements, joint facility agreements, and agreements, easements, leases, licenses, and permits granting or pertaining to highway crossings, crossing protection, utility connections to railroad facilities, and similar matters.

SECTION B. GRANT OF EASEMENT (CORE EASEMENT PARCEL):

In consideration of the sum of Ten and no/100 Dollars (\$10.00) and other good and valuable consideration in hand paid to Grantor by Grantee, the receipt and sufficiency whereof is hereby acknowledged by Grantor, Grantor hereby GRANTS and QUIT CLAIMS unto Grantee a permanent easement on, over, and across the Core Easement Parcel for the construction, installation, maintenance, use, operation, repair, reconstruction, reinstallation, and rearrangement of railroad tracks and other railroad facilities, including the right to install such piping, conduit, sewer lines, water lines, steam lines, and other similar underground facilities as are required for Grantee's railroad operations, and further including the right to perform such grading, filling, and sloping as is required for Grantee's railroad operations. Except as expressly provided in the preceding sentence, this grant is strictly limited to surface and above-surface rights. As part of this grant, Grantor CONVEYS and QUIT CLAIMS unto Grantee all of Grantor's right, title, and interest in and to the improvements and structures located on, in, or under the Core Easement Parcel, including, without limitation, all rails, ties, spikes, tie plates, rail anchors, pipes, ballast, switches, turnouts, wyes, crossovers, grade crossings, machinery, fixtures, communication and signal devices and installations (including centralized traffic control, train defect detectors, and radio communication and telephone systems), sidings, spurs, trestles, bridges, culverts, pole lines, buildings, and structures, but excluding existing water wells and existing underground fuel storage tanks.

Grantor reserves the right to use the Core Easement Parcel for any and all purposes and uses that are not inconsistent with the rights granted to Grantee by this Section B; provided, however, that Grantor may not use any portion of the Core Easement Parcel for railroad purposes except to the extent such use is expressly permitted by a separate written agreement between Grantor and Grantee.

This easement grant is made subject to the Existing Grants (whether or not the Existing Grants are of record), and Grantor shall retain its right, title, and interest in the Existing Grants, including the right to continue the Existing Grants in effect according to their terms and to receive all of the rents and other charges and fees payable under the Existing Grants; provided, however, that if and to the extent Grantee requires for its railroad operations the use of any portion of the Core Easement Parcel affected by any Existing Grant, Grantor, upon receipt of a written demand from Grantee (which written demand shall identify with precision the portion of the Core Easement Parcel that is the subject of the demand and shall also specify the reason or reasons why such portion is required for Grantee's railroad operations),

shall promptly take reasonable actions (including, but not limited to, requesting the lessee, licensee, permittee, property user, or easement grantee to voluntarily terminate or restructure all or part of its interest or rights under the Existing Grant and/or exercising any right reserved to Grantor in the applicable Existing Grant to fully or partially terminate or restructure the interest or rights granted by such Existing Grant) to make such portion of the Core Easement Parcel available for Grantee's railroad operations.

Grantor reserves the right to grant New Grants for such uses and purposes as are not inconsistent with the rights granted to Grantee by this Section B and which would not have a material adverse impact on the use of the Core Easement Parcel for railroad purposes; provided, however, that Grantor may not grant to any third party the right to occupy or use any portion of the Core Easement Parcel for railroad purposes. Prior to granting any New Grant, Grantor shall first obtain Grantee's written consent to the granting of such New Grant, which consent shall not be unreasonably withheld, conditioned, or delayed. Grantor will reimburse Grantee for reasonable out-of-pocket costs and expenses incurred by Grantee in reviewing proposals for New Grants. Grantee shall be made a party to any New Grant. Except as otherwise provided in this paragraph, Grantor shall receive all of the rents and other charges payable under any New Grant. If and to the extent Grantee consents to a New Grant and thereafter requires for its railroad operations the use of any portion of the Core Easement Parcel affected by such New Grant, Grantor, upon receipt of a written demand from Grantee (which written demand shall identify with precision the portion of the Core Easement Parcel that is the subject of the demand and shall also specify the reason or reasons why such portion is required for Grantee's railroad operations), shall promptly take reasonable actions (including, but not limited to, requesting the lessee, licensee, permittee, property user, or easement grantee to voluntarily terminate or restructure all or part of its interest or rights under such New Grant and/or exercising any right reserved to Grantor in such New Grant to fully or partially terminate or restructure the interest or rights created by such New Grant) to make such portion of the Core Easement Parcel available for Grantee's railroad operations. Grantee may condition its consent to the granting of a New Grant by requiring Grantor to include in the New Grant such reasonable provisions as will permit Grantor to fully or partially terminate or restructure the interest or rights created by the New Grant in the event Grantee requires for its railroad operations the use of any portion of the Core Easement Parcel affected by the New Grant. Grantee may also condition its consent to the granting of a New Grant by requiring Grantor to include in the New Grant reasonable provisions whereby the lessee, licensee, permittee, property user, or easement grantee will be required to reimburse Grantee for expenses that will be incurred by Grantee in connection with such New Grant (e.g., costs of providing flagging protection).

Unless and to the extent the payment of real estate taxes and/or special assessments is required to be made by a lessee, licensee, permittee, property user, or easement grantee under an Existing Grant or a New Grant, Grantee shall pay all real estate taxes (and taxes imposed in lieu of real estate taxes) and special assessments imposed on the Core Easement Parcel. Grantee may condition its consent to any New Grant by requiring Grantor to include in the New Grant reasonable and customary provisions requiring the lessee, licensee, permittee, property user, or easement grantee to pay real estate taxes (or taxes imposed in lieu of real estate taxes) and special assessments.

SECTION C. GRANT OF EASEMENT (POLE LINE EASEMENT PARCEL):

In consideration of the sum of Ten and no/100 Dollars (\$10.00) and other good and valuable consideration in hand paid to Grantor by Grantee, the receipt and sufficiency whereof is hereby acknowledged by Grantor, Grantor hereby GRANTS and QUIT CLAIMS unto Grantee a permanent easement on and across the Pole Line Easement Parcel for the maintenance, repair, reconstruction, replacement, operation, and use of the existing signal and communication pole line located thereon. As part of this grant, Grantor CONVEYS and QUIT CLAIMS unto Grantee all of Grantor's right, title, and interest in and to said signal and communication pole line.

Grantor reserves the right to use the Pole Line Easement Parcel for any and all purposes that are not inconsistent with the rights granted to Grantee by this Section C.

Grantee shall pay any real estate taxes (or taxes imposed in lieu of real estate taxes) and/or special assessments imposed with regard to Grantee's use or occupancy of the Pole Line Easement Parcel.

SECTION D. WATER WELLS AND UNDERGROUND FUEL STORAGE TANKS ON EASEMENT PREMISES:

Notwithstanding anything to the contrary in this Deed and Grant of Easements, Grantor reserves to itself ownership of Grantor's existing water wells (if any) on the Easement Premises and also reserves to itself a right of access to said water wells for the purposes of using, maintaining, repairing, reconstructing, testing, and sealing said water wells.

Notwithstanding anything to the contrary in this Deed and Grant of Easements, existing underground fuel storage tanks (if any) on the Easement Premises are excluded from the grants and conveyances set forth in this Article II.

SECTION E. CONDITIONS TO EASEMENT GRANTS:

1. The conditions set forth in this Section E apply to all of the easements granted in this Article II.

2. The conditions set forth in this Section E may be enforced by Grantor in an action for specific performance.

3. Grantee shall not install, or permit the installation of, underground fuel storage tanks on the Easement Premises.

4. Grantee shall not Release (or, by action or omission, permit or cause the Release of), nor shall it permit any other person or entity to Release (or, by action or omission, permit or cause the Release of), any Hazardous Substances, Petroleum Products, or Pollutants or Contaminants on the Easement Premises.

5. Grantee shall not store (or permit others to store) any Petroleum Products or Hazardous Substances on the Easement Premises except for: (a) commercially reasonable quantities of materials used in connection with Grantee's railroad operations and (b) materials in transit by rail.

6. Grantee shall not use the Easement Premises as a site for the Disposal of Hazardous Wastes.

7. Grantee shall not Store (or, by action or omission, permit or cause the Storage of) Hazardous Wastes on the Easement Premises except for: (a) temporary Storage, not requiring a Storage permit, of Hazardous Wastes generated in connection with Grantee's railroad operations and (b) temporary Storage, not requiring a Storage permit, of materials in transit by rail.

8. Grantee shall not use any portion of the Easement Premises as a dump, landfill, or Waste Facility.

9. Grantee shall not install or construct any water wells on the Easement Premises.

10. As between Grantor and Grantee, and except to the extent such responsibility is assumed by a lessee, licensee, permittee, property user, or easement grantee under an Existing Grant or a New Grant, Grantee shall maintain the Easement Premises and the improvements and structures (other than existing water wells and existing underground fuel storage tanks) located thereon.

11. Grantee shall fully protect the Easement Premises and all other property of Grantor from all mechanics' and materialmen's liens accruing by reason of: (i) the construction, maintenance, repair, replacement, or renewal of any improvements of Grantee or (ii) the use or occupancy of the Easement Premises by Grantee.

12. Grantee shall fully indemnify Grantor against any and all losses, damages, liabilities, claims, suits, judgments, costs, and expenses (including reasonable attorney and witness fees) in any manner pertaining to injury to or death of any person or damage to or destruction of any property, where such injury, death, damage, or destruction results in whole or in part from the exercise by Grantee (or Grantee's employees, agents, representatives, or invitees) of the rights granted by this Article II; provided, however, that Grantee shall not be required to indemnify Grantor if and to the extent any such loss, damage, et cetera results from Grantor's negligence, gross negligence, or intentional misconduct or from the negligence, gross negligence, or intentional misconduct of any lessee, licensee, permittee, property user, or easement Grantee in connection with the exercise by such lessee, licensee, permittee, property user, or easement grantee under an Existing Grant or a New Grant.

13. In connection with its use and occupancy of the Easement Premises, Grantee shall secure, at Grantee's own expense, any permits or licenses required by state or local laws or ordinances and shall comply with all applicable laws, including but not limited to any laws, regulations, standards, permit requirements, and license requirements relating to environmental pollution or contamination or to occupational health and safety. Grantee shall indemnify and hold harmless Grantor from any and all claims, judgments, fines, penalties, costs, and expenses (including reasonable attorney and witness fees) arising out of or connected with Grantee's violation of (or non-compliance with) any such law, ordinance, standard, regulation, permit requirement, or license requirement. This paragraph is not, and shall not be construed as, an agreement by Grantee to remedy or clean up any environmental contamination or pollution existing on the Easement Premises as of the date of this Deed and Easement Grant. The preceding sentence is not, and shall not be construed as, limiting or releasing Grantee from any responsibility or liability Grantee may have assumed or undertaken (or may assume or undertake) with respect to such existing contamination or pollution under any agreement that has been, is, or will be entered into between Grantee and Grantor prior to, concurrently with, or subsequent to the execution of this Deed and Grant of Easements.

14. The easements granted in this Article II shall terminate upon intentional abandonment of the permitted uses of the Easement Premises. As used in this paragraph 14, "intentional" refers to the actual, subjective intent of Grantee.

15. Upon termination of any easement granted by this Article II, Grantee shall execute and deliver to Grantor, within 7 days after receipt of a written request from Grantor, a release of the pertinent easement in proper form for recordation with the County Recorder for Chippewa County, Minnesota.

16. The provisions of this Article II shall be binding upon, and inure to the benefit of, the respective successors and assigns of Grantor and Grantee.

17. Upon termination of any easement granted by this Article II, Grantee shall remove its improvements from the Core Easement Parcel and/or the Pole Line Easement Parcel (as the case may be) and shall restore the said Parcel and/or Parcels to a condition reasonably satisfactory to Grantor. Such removal and restoration shall be completed within 60 days after termination. Any or all of the improvements not removed within said 60-day period may be removed or disposed of by Grantor at Grantee's expense or, at Grantor's option, any or all of such improvements may be deemed abandoned, in which case such improvements shall become the property of Grantor.

ARTICLE III

RESERVATION OF CERTAIN RIGHTS

Grantor hereby reserves to itself, and its successors and assigns, 100% of all gross revenues under the following existing longitudinal agreements and any renewals thereof: (1) an easement for a fiber optic line dated October 20, 1988, between Soo Line Railroad Company and MCI Telecommunications Corporation; (2) a power line license dated January 28, 1927, between H.E. Byran, Mark W. Potter, and Edward J. Brundage, as Receivers of Chicago, Milwaukee and St. Paul Railway Company, and Northern States Power Company; (3) a power line license dated November 29, 1944, between Henry A. Scandrett, Walter J. Cummings, and George I. Haight, Trustees of the property of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, and Northern States Power Company; (4) a power line license agreement dated June 10, 1948, between Chicago, Milwaukee, St. Paul and Pacific Railroad Company and Northern States Power Company; and (5) a power line license agreement dated July 30, 1958, between Chicago, Milwaukee, St. Paul and Pacific Railroad Company and Northern States Power Company. Except as expressly provided to the contrary above, Grantor has conveyed to Grantee by this Deed and Grant of Easements all of its interest in said agreements and its rights thereunder and Grantee accepts the Ortonville Line subject to such agreements. The foregoing reservations shall run with the Ortonville Line for the benefit of Grantor and its successors and assigns.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Except as set forth in this Article IV, the conveyances and grants in this Deed and Grant of Easements are without any representations, warranties, or covenants of title whatsoever, and without recourse to Grantor. Grantor represents and warrants as follows:

(a) Grantor has not created or affirmatively assumed (or permitted to arise by operation of law due to an act or omission of Grantor) any mortgage, security interest, or other lien or encumbrance securing payment obligations on the Ortonville Line or which would have a material adverse effect on Buyer's ability to conduct freight transportation operations on the Ortonville Line, and no such mortgage, security interest, or other lien or encumbrance exists, other than the following: (i) liens for taxes and installments of special assessments not yet due and payable, and (ii) other liens incidental to the ownership of the Ortonville Line or the operation of the Ortonville Line which were not incurred in connection with the borrowing of money, the obtaining of advances or credit, or the provision of labor or materials, and which do not, individually or in the aggregate, materially detract from the value of the Ortonville Line and will not materially impair Grantee's ownership and use of the Ortonville Line.

(b) Grantor has sufficient interest in the Ortonville Line to permit the operation of the Ortonville Line as it is presently conducted. To the knowledge of Grantor, there are no material claims which would affect in any material respect Grantor's interest in the Ortonville Line so as to materially affect Grantee's ability to conduct the operations of the Ortonville Line following the delivery of this Deed and Grant of Easements;

(c) No affiliate of Grantor has any interest in the Ortonville Line; and

(d) Except as specifically provided in the foregoing subparagraphs (a), (b), and (c), Grantor does not make, and expressly disclaims, any representation or warranty regarding title to the Ortonville Line.

ARTICLE V

WELL CERTIFICATION

Grantor certifies that the Grantor does not know of any wells on those portions of the Ortonville Line located in the following counties: Hennepin and McLeod.

IN WITNESS WHEREOF, this instrument is executed by
Grantor as of the day and year first above written.

SOO LINE RAILROAD COMPANY

By: B. Frank Dixon
B. Frank Dixon

Its: Senior Vice President
Development

ATTEST:

Deresa A. Keener

Its Assistant Secretary

WITNESSES:

Raymond D. [Signature]
[Signature]

STATE OF MINNESOTA)

) SS

COUNTY OF HENNEPIN)

I, the undersigned, Carla E. Colburn, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that B. Frank Dixon, personally known to me to be the Senior Vice President Development of Soo Line Railroad Company, a Minnesota corporation, and Teresa A. Keener, personally known to me to be the Assistant Secretary of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Senior Vice President Development and Assistant Secretary, they signed and delivered the said instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of said corporation, as their free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 26th day of July, 1991.



Charles E. Colburn
Notary Public

Commission expires: January 12, 19 92.

This instrument was
prepared by:
Wayne C. Serkland
P. O. Box 530
Minneapolis, MN 55440

Following recording, mail to:

Charles H. Clay
Twin Cities & Western Railroad
Company
2110 First Bank Place West
Minneapolis, MN 55402

VALUATION SECTION MINNESOTA 3-B
BETWEEN TOWER E-14 (HOPKINS) AND MINNESOTA FALLS, MINNESOTA

Between Tower E-14 (west of Hopkins) and Minnesota Falls, in the State of Minnesota, Counties of Hennepin, Carver, McLeod, and Renville, more particularly described as follows:

Commencing at a point where the center line of the main track of Grantor intersects the westerly boundary line of the former right of way of the Chicago and North Western Transportation Company, which point is located approximately 860 feet northeasterly (as measured along said center line) of the south line of the SE1/4 SW1/4 of Section 34, Township 117 North, Range 22 West, also known as Milepost 435.06, and additionally known as Railroad Engineer's Survey Station 22+51, and extending in a westerly direction a distance of approximately 103.45 miles in and through the Counties of Hennepin, Carver, McLeod, and Renville and terminating at the Chippewa/Renville County Line on the west line of the NW1/4 NW1/4 of Section 6, Township 115 North, Range 38 West, also known as Milepost 538.51, and additionally known as Railroad Engineer's Survey Station 5986+62, all of which is more particularly described on Chicago, Milwaukee & St. Paul Ry. and/or Chicago, Milwaukee, St. Paul & Pacific RR (collectively "Milwaukee Road") right-of-way and track maps designated V.MINN.3-B/2 through 28, inclusive, and on Milwaukee Road station maps V.MINN.3-B/S-3 (Chanhassen), V.MINN.3-B/S-5 (Augusta), V.MINN.3-B/S-7 (Cologne), V.MINN.3-B/S-9 (Norwood), V.MINN.3-B/S-10 (Plato), V.MINN.3-B/S-11 and S-12 (Glencoe), V.MINN.3-B/S-13 (Sumter), V.MINN.3-B/S-14 (Brownton), V.MINN.3-B/S-16 (Stewart), V.MINN.3-B/S-17 (Buffalo Lake), V.MINN.3-B/S-19 (Hector), V.MINN.3-B/S-21 (Bird Island), V.MINN.3-B/S-22 (Olivia), V.MINN.3-B/S-24 (Danube), V.MINN.3-B/S-25 (Renville), and V.MINN.3-B/S-27 (Sacred Heart), all of which are made a part hereof by reference.

ALSO

VALUATION SECTION MINNESOTA 4
BETWEEN MINNESOTA FALLS AND APPLETON, MINNESOTA

Between Minnesota Falls and Appleton, in the State of Minnesota, Counties of Chippewa and Swift, more particularly described as follows:

Commencing at a point on the center line of the main track of Grantor at its intersection with the Renville/Chippewa County Line on the east line of Section 1, Township 115 North, Range 39 West, also known as Milepost 538.51, and additionally known as Railroad Engineer's Survey Station 5986+62, and extending in a northwesterly direction a distance of approximately 40.42 miles in and through the Counties of Chippewa and Swift, and terminating at Line A (described below), all of which is more particularly described on

Milwaukee Road right-of-way and track maps V.MINN.4/1 through 11, inclusive, and on Milwaukee Road station maps V.MINN.4/S-1 (Granite Falls), V.MINN.4/S-3 (Wegdahl), V.MINN.4/S-4a, S-4b, S-5a, S-5b, and S-5c (Montevideo), V.MINN.4/S-6 (Watson), V.MINN.4/S-8 (Milan), and V.MINN.4/S-11 (Appleton), all of which are made a part hereof by reference. Line A begins at the southwesterly line of Grantor's right of way at Milepost 578.93 (also known as Railroad Engineer's Survey Station 1929+21) and runs in a northeasterly direction, perpendicular to said right of way line, to a point ("Point 1") equidistant between the respective center lines of Grantor's main track and Grantor's siding track; from Point 1, Line A runs in a southeasterly direction, along a course that is equidistant between the respective center lines of said main track and said siding track, to a point ("Point 2") on Line B (described below); Line B begins at the southwesterly line of Grantor's right of way at milepost 578.77 (also known as Railroad Engineer's Survey Station 1920+76) and runs in a northeasterly direction, perpendicular to said right of way line; from Point 2, Line A runs northeasterly, along Line B, to a point ("Point 3") equidistant between the respective center lines of said siding track and Grantor's so-called connecting track; from Point 3, Line A runs northeasterly, parallel to the center line of said connecting track, to the northeasterly line of Grantor's right of way, and there terminates.

PROPERTY EXCEPTED

Excepting, however, all that part of Grantor's real property in Sections 17 and 18, Township 117 North, Range 40 West, in the City of Montevideo, Chippewa County, Minnesota, lying between Milepost 553.83 (also known as Railroad Engineer's Survey Station 619+81) and Milepost 554.62 (also known as Railroad Engineer's Survey Station 661+47) (the "Montevideo Exception Parcel").

CORE EASEMENT PARCEL

That portion of the Montevideo Exception Parcel which is described as follows:

All that part of Grantor's real property in Sections 17 and 18, Township 117 North, Range 40 West, in the City of Montevideo, Chippewa County, State of Minnesota, lying between Milepost 553.83 (also known as Railroad Engineer's Survey Station 619+81) and Milepost 554.62 (also known as Railroad Engineer's Survey Station 661+47).

Excepting, however, all that part of Grantor's real property in the NE 1/4 SE 1/4, the SE 1/4 SE 1/4, and the NW 1/4 SE 1/4 of said Section 18 and the SW 1/4 SW 1/4 of said Section 17 lying northeasterly of a line 50 feet northerly of (as measured at right angles to) and parallel with the center line of Grantor's main track and southeasterly of a line drawn perpendicular to the center line of said main track at the point where Grantor's northeasterly boundary line intersects the center line of Park Avenue.

Also excepting all that part of Grantor's property in the SE 1/4 NW 1/4, the SW 1/4 NE 1/4, and the NW 1/4 SE 1/4 of said Section 18 lying southerly of a line 50 feet southerly of (as measured at right angles to) and parallel with the center line of Grantor's main track and westerly of the westerly line of First Street.

POLE LINE EASEMENT PARCEL

That portion of the Montevideo Exception Parcel which is described as follows:

All that part of Grantor's real property in the NE 1/4 SE 1/4, the SE 1/4 SE 1/4, and the NW 1/4 SE 1/4 of Section 18 and the SW 1/4 SW 1/4 of Section 17, Township 117 North, Range 40 West, in the City of Montevideo, Chippewa County, State of Minnesota, lying northeasterly of a line 50 feet northerly of (as measured at right angles to) and parallel with the center line of Grantor's main track and southeasterly of a line drawn perpendicular to the center line of said main track at the point where Grantor's northeasterly boundary line intersects the center line of Park Avenue.

Schedule 4(c) to Security Agreement

None

SCHEDULE 4(b) TO SECURITY AGREEMENT

7
Five GP-10 diesel locomotives identified as follows:

<u>Former Number</u>	<u>Current Number</u>
IC 8091	TCWR 407
IC 8118	TCWR 406
IC 8146	TCWR 403
IC 8251	TCWR 405
IC 8270	TCWR 404
BN 1401	TCWR 401
BN 1420	TCWR 402

Thirty-four covered hoppers leased from IteI Rail Corporation and identified as follows:

Leased Covered Hoppers

HS 20123
HS 20000
HS 20148
HS 20149
HS 20150
HS 20151
HS 20152
HS 20154
HS 20155
HS 20156
HS 20157
HS 20158
HS 20159
HS 20160
HS 20161
HS 20163
HS 20164
HS 20167
HS 20168
HS 20169
HS 20126
HS 20128
HS 20170
HS 20009
HS 20031
HS 20032
HS 20036

Leased Covered Hoppers (cont.)

HS 20084
HS 20090
HS 20091
HS 20092
HS 20181
HS 20183
HS 20194

Amendment No. 1 to
Security Agreement
Dated as of July __, 1991

AGREEMENT OF AMENDMENT, dated as of ____, 1991 by and between Twin Cities & Western Railroad Company (the "Company") a Minnesota corporation and The First National Bank of Boston, a national banking association, (the "Bank") as parties to that certain Revolving Credit Agreement dated as of July __, 1991 (the "Loan Agreement").

WHEREAS, the Company, on the one hand, and the Bank, on the other hand, are parties to a Security Agreement dated as of July __, 1991, as amended (the "Security Agreement").

WHEREAS, the Company and the Bank wish to add certain newly acquired Rolling Stock to the security interest created by the Security Agreement, and in connection therewith to make certain amendments to the Security Agreement; and to reaffirm the Security Agreement's effectiveness upon such amendment;

NOW, THEREFORE, in consideration of the foregoing premises, the parties hereby agree as follows:

1. Schedule 4(b) to the Security Agreement, which lists all Rolling Stock of the Company, is hereby amended by adding the Rolling Stock listed on Schedule 4(b) attached hereto.

2. Except as specifically amended by this Agreement of Amendment, the Security Agreement shall remain in full force and effect, and the Company reaffirms the continued validity of the Security Agreement as amended on the date hereof.

3. This Agreement of Amendment shall become effective as of the date hereof upon receipt by the Company and the Bank of counterparts of this Agreement of Amendment duly executed by the Company and accepted by the Bank.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement of Amendment to be executed by their duly authorized officers as of the date first set forth above.

TWIN CITIES & WESTERN
RAILROAD COMPANY

By: _____

- 2 -

THE FIRST NATIONAL BANK
OF BOSTON

By: _____

STATE OF MINNESOTA)
)
COUNTY OF) ss.

On this ____ day of _____, 1991, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he/she is _____ of Twin Cities & Western Railroad Company and that the said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he/she acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My commission expires:

COMMONWEALTH OF)
)
COUNTY OF) ss.

On this ____ day of _____, 1991, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he/she is _____ of The First National Bank of Boston, and that he/she is duly authorized to sign the foregoing instrument on behalf of said banking association, and he/she acknowledges that the execution of the foregoing instrument was the free act and deed of said banking association.

Notary Public

My commission expires:

Schedule 4(b)

[Insert description of additional rolling stock.]

SCHEDULE 4(c) TO SECURITY AGREEMENT

Patents, Trademarks and Copyrights

None

**Schedule 4(d)
to Security Agreement**

**Location of Property Comprising Collateral
(other than interests in real property)**

Minnesota

Hennepin County

Carver County

McLeod County

Renville County

Chippewa County

Yellow Medicine County

Swift County

Big Stone County

Lac qui Parle County

South Dakota

Grant County

EXHIBIT A to
Security Agreement

Uniform Commercial Code — FINANCING STATEMENT — Form UCC-1

IMPORTANT — Read Instructions on back before filling out form

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code.


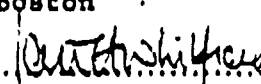
4. <input type="checkbox"/> Filled for record in the real estate records. 1. Debtor(s) (Last Name First) and address(es) Twin Cities & Western Railroad Company 723 11th Street East Glencoe, MN 55336	5. <input checked="" type="checkbox"/> Debtor is a Transmitting Utility 2. Secured Party(ies) and address(es) The First National Bank of Boston 100 Federal Street Boston, MA 02110	6. No. of Additional Sheets Presented: } 3. For Filing Officer (Date, Time, Number, and Filing Office)
---	--	---

7. This financing statement covers the following types (or items) of property:

See Exhibit A attached hereto and made a part hereof.

File with: Secretary of State of Minnesota

Proceeds and
29 Products of Collateral are also covered

Whichever is Applicable (See Instruction Number 8)	Twin Cities & Western Railroad Company By:  Title: <u>Chairman</u> Signature(s) of Debtor (Or Assignor)	The First National Bank of Boston By:  Title: <u>VP</u> Signature(s) of Secured Party (Or Assignee)
---	--	--

Filing Officer Copy — Alphabetical
STANDARD FORM — UNIFORM COMMERCIAL CODE — FORM UCC-1

Rev. Jan. 1980

Forms may be purchased from Hobbs & Warren, Inc., Boston, Mass.

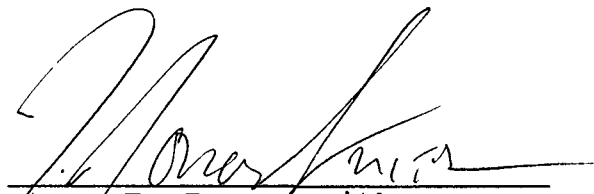
- All of Debtor's assets and rights of every kind and nature, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof including, without limiting the generality of the foregoing the following properties, assets and rights owned by the Debtor:

all goods, accounts, including all accounts receivable, contract rights, including, without limitation, all rights of the Company under any Interest Rate Protection Arrangements (as defined in the Credit Agreement), all rights of the Company under the Acquisition Documents (as defined in the Credit Agreement), all rights of the Company under leases of equipment and other personal property, and all rights of the Company under any agreements with operating railroads pursuant to which rights of passage over tracks are granted during periods of emergency and disasters, rights to the payment of money including tax refund claims, insurance proceeds and tort claims, chattel paper, documents, instruments, general intangibles, the Company's operating certificate from the Interstate Commerce Commission, securities, together with all income therefrom, increases thereunder and proceeds thereof, patents, trademarks, tradenames, copyrights, engineering drawings, service marks, customer lists, books and records, furniture, fixtures, rolling stock of every kind and description, locomotives, rail, ties and capital improvements thereon, equipment, maintenance of way equipment, inventory and all other capital assets, raw materials, work in progress, and real property and interests in and rights in, on or over real property, including railbeds, yards and maintenance areas.

AFFIDAVIT

I, T. Jonas Smith, being first duly sworn upon oath, depose and say that I have compared the document attached, a copy of the Security Agreement dated as of July 26, 1991, between Twin Cities & Western Railroad Company and The First National Bank of Boston with the original document and that the copy is complete and identical in all respects to the original document.

Dated this 29th day of July, 1991.



T. Jonas Smith

Subscribed and sworn to before me, a Notary Public, this 29th day of July, 1991.

My Commission Expires September 14, 1995



Notary Public

My commission expires _____

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